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"The Philippines are ours, not to exploit, but to develop, to civilize, to educate, to train in the science of self-government. This is the path of duty which we must follow or be recreant to a mighty trust committed to us.

"The question is not will it pay, but rather will we do what is right, and it is for the people of this country to express their will on this great question."—McKINLEY.

WHAT HAS BEEN DONE IN THE PHILIPPINES.

A RECORD OF PRACTICAL ACCOMPLISHMENTS
UNDER CIVIL GOVERNMENT.



BUREAU OF INSULAR AFFAIRS,
WAR DEPARTMENT,
Washington.

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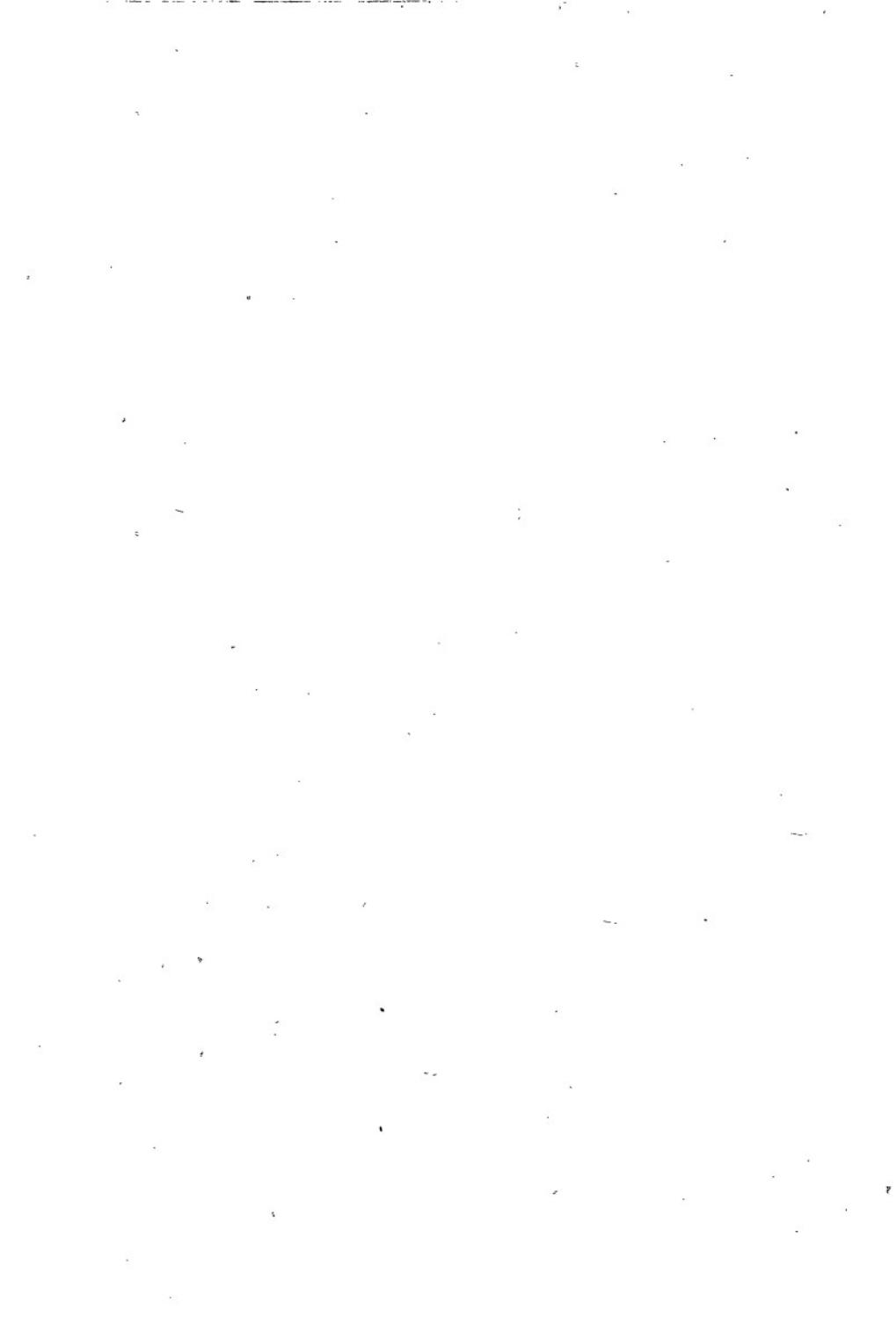
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LETTER FROM THE SECRETARY OF WAR, TRANSMITTING A COMPILED, PREPARED IN THE BUREAU OF INSULAR AFFAIRS, SETTING FORTH A COMPREHENSIVE REVIEW OF WHAT HAS BEEN ACCOMPLISHED IN THE ADMINISTRATION OF PRACTICAL AFFAIRS BY THE CIVIL GOVERNMENT OF THE PHILIPPINE ISLANDS.

APRIL 25, 1904.—Presented by Mr. LODGE and ordered to be printed.

WAR DEPARTMENT,
Washington, April 23, 1904.

SIR: Permit me to bring to your attention the accompanying compilation, prepared in the Bureau of Insular Affairs, setting forth in succinct form and style a comprehensive review of what has been accomplished in the administration of practical affairs by the civil government of the Philippine Islands, and to suggest that it be printed as a public document.

Very truly yours,

Wm. H. TAFT,
Secretary of War.

Hon. HENRY CABOT LODGE,
Senate Chamber, Capitol.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, April 21, 1904.

SIR: The Bureau of Insular Affairs is daily receiving letters of inquiry presenting variants of the question: "What has been done in the Philippines?" Numerous inquiries as to how much it costs the United States to maintain the government of the Philippine Islands show that the general public are not aware of the fact that the civil government of the islands is maintained by its own revenues and without a dollar from the Treasury of the United States; inquiries also indicate a lack of knowledge of the fact that an overwhelming number of official positions in the islands are occupied by Filipinos and that the native inhabitants participate in the exercise of the powers of all branches of government.

These letters suggested the advisability of a compilation which would present the desired information in form and space adapted to the use of persons interested in the general subject or some special matter, who lacked time or opportunity to examine all the documents involved.

I have the honor to submit the accompanying compilation which, I think, accomplishes this purpose. Much of the work of preparing this document was done by Mr. W. L. Pepperman, assistant to the chief of the Bureau of Insular Affairs, and to his intimate acquaintance with the work of the Bureau is due, in large measure, the completeness and attention to details with which the work has been performed.

Yours, respectfully,

CHARLES E. MAGOON.

Law Officer, Bureau of Insular Affairs.

The SECRETARY OF WAR.

WHAT HAS BEEN DONE IN THE PHILIPPINES.

THE RESTORATION OF PEACE.

The sovereignty of the United States is established in the Philippine Islands, is accepted by the inhabitants, and is acceptable to them.

Tranquillity prevails throughout the islands to a greater degree and over a larger area than at any period during the centuries the archipelago was subject to the sovereignty of Spain. Such resistance to governmental authority as exists to-day does not result from efforts to expel the sovereignty of the United States; it results from the action of turbulent violators of the civil and criminal laws—bands of landrones, highwaymen, robbers, etc., similar in character to the bands of outlaws that for a period infested the western border of population in the United States.

The armed forces of the insurrection having been overcome and dispersed by the military forces of the United States, it became necessary to make provision for the government of the islands by the agencies of peace. The success of this endeavor depended upon the acceptance of these agencies by the inhabitants in the spirit in which they were tendered and the hearty cooperation of the people in such government, the abandonment of mutual distrust and enmity and the striking of hands in unity of endeavor for a common purpose. The corner stone for the governmental structure must be a belief in the minds of the Filipinos that the plans and policies of the American people were intended to benefit the islands and not to exploit them for our own profit and advantage. To create this belief it was necessary to allay the animosities engendered by the war, suspicions resulting from want of knowledge of the United States, its government, policies, and people, and the prejudices of the orientals toward all things occidental.

The civil government being established, and the purposes of the United States demonstrated, the Filipinos now begin to appreciate the advantages to be derived from their new situation. Day by day this appreciation increases, as they realize that in all things and in all ways the government of the islands is being administered with fidelity to the declaration—"the Philippines for the Filipinos."

THE CENTRAL GOVERNMENT AND LEGISLATIVE AUTHORITY.

Civil government in the Philippine Islands under American sovereignty, as distinguished from military administration, dates from the appointment by President McKinley, in March, 1900, of the Taft Philippine Commission. In creating this Commission and authorizing it to assume and discharge the functions of government the President

exercised the war powers of the nation, and the Commission thus created was an instrumentality for the exercise of the authority of the President as Commander in Chief of the Army and Navy of the United States to administer the affairs of civil government in territory subject to military occupation. In short, the Commission was a civilian agency for the exercise of the powers of a military government. The Commission consisted of Hon. William H. Taft, of Ohio; Prof. Dean C. Worcester, of Michigan; Hon. Luke E. Wright, of Tennessee; Hon. Henry C. Ide, of Vermont; and Prof. Bernard Moses, of California. The general purpose of the Commission was, as stated by the President

to continue and perfect the work of organizing and establishing civil government already commenced by the military authorities, subject in all respects to any laws which Congress may hereafter enact.

To aid them in accomplishing this purpose there was issued the document known as "Instructions of the President to the Philippine Commission," dated April 7, 1900. This state paper has been appropriately designated as the "Magna Charta" of the Philippines. The plan of government set forth in these instructions received public approval and stood the test of practical operation. From many expressions highly commending these instructions the following is quoted from a recent article in the Review of Reviews:

When they were made public statesmen and jurists the world over saw in them a constitution and a code of laws almost unprecedented in history.

Here is what eminent authorities have pronounced the most nearly perfect example of organic law, jurisprudence, guarding of rights, distribution of powers, administrative provisions, checks and balances civilization ever beheld in a single document. It was a constitution, a code judicial, a system of laws ready-made, statutes administrative covering all the activities of a nation and meeting wants and solving problems innumerable—all rolled into one. It was a masterly summing up of the governing experience of the self-governing people of the world, adapted to and especially arranged for effective work in a given field. These famous "instructions" became the organic law of the Philippine Archipelago. Under them the civic machinery for a nation of nine millions of people has been worked out.

These instructions were prepared by Hon. Elihu Root, as Secretary of War.

Upon arriving in the Philippines the Commission established the seat of government at Manila and entered upon the work of establishing civil government throughout the archipelago, utilizing in that endeavor the framework constructed by the military authorities of the United States.

As the fundamental step in giving civil government to the people of the Philippines, it was determined that there should be a separation of the executive, the legislative, and judicial branches, and that the powers of these several branches should be exercised by different persons. The legislative powers were conferred upon the Commission, the judicial powers were to be exercised by the courts to be established through legislative action of the Commission, and the authority to exercise the executive powers was continued in the commander of the military forces of the United States maintaining the occupation of the islands.

The scope of the legislative authority conferred upon the Commission was declared in the instructions as follows:

Exercise of this legislative authority will include the making of rules and orders, having the effect of law, for the raising of revenue by taxes, customs, and duties, and

imposts; the appropriation and expenditure of public funds of the islands; the establishment of an educational system throughout the islands; the establishment of a system to secure an efficient civil service; the organization and establishment of courts; the organization and establishment of municipal and departmental governments, and all other matters of a civil nature for which the military governor is now competent to provide by rules or orders of a legislative character.

The sessions of the Commission, wherein they have exercised legislative power, have been stated and public. Their legislative enactments have been publicly introduced and printed in the form of bills. When of general public interest they have been made the subject of public hearings before committees, which the people of the island have freely attended, and at which their views have been freely expressed. Ordinary legislative opportunities for amendment have been afforded and bills and amendments have been publicly debated and voted upon, and when passed have had the force and effect of statutes.

In transmitting to Congress the legislation enacted by the Commission Secretary Root said:

I invite the attention of Congress to the 263 statutes now set before them, with the hope that the work of the Commission will receive the approval which, I believe, it merits for its high quality of constructive ability, its wise adaptation to the ends desirable to be accomplished, and its faithful adherence to the principles controlling our own Government. It should be observed that these statutes are not mere expressions of theoretical views as to how the Philippines ought to be governed, but are the practical treatment of carefully studied conditions. Many of the most important are not the beginnings, but the results of patient experiments—the outcome and improvement of successive military orders dealing with the same subjects.

Not one of the legislative acts of the Commission has failed to receive the approval of Congress.

The policy contemplated in the instructions of April 7, 1900, was, as stated by Secretary Root in his annual report for 1901:

To steadily press forward, as rapidly as it could be done safely and thoroughly, the gradual substitution of government, through civil agents for government through military agents, so that the administration of the military officer shall be continually narrowed, and that of the civil officer continually enlarged, until the time comes when the Army can, without imperiling the peace and order of the country, be relegated to the same relation toward government which it occupies in the United States.

In June, 1901, affairs in the islands were in a condition to justify a further step in the extension of civil government, and on the 21st of that month the President issued an order transferring from the military governor to the president of the Philippine Commission the authority to exercise the powers of the executive branch of government in all the pacified provinces of the islands, but continuing the authority of the military governor to exercise executive authority in those districts in which the insurrection continued to exist. The order also appointed the Hon. William H. Taft civil governor of the Philippine Islands. On the 4th of July, 1901, the present Secretary of War, Hon. William H. Taft, was inaugurated, at Manila, as civil governor of the Philippine Islands and entered upon the performance of his duties.

On the 1st of September, 1901, a further step toward civil executive organization was made by the establishment of separate executive departments, to which members of the Commission were assigned as follows: Department of the interior, Dean C. Worcester; department of commerce and police, Luke E. Wright; department of finance and justice, Henry C. Ide; department of public instruction, Bernard Moses.

The administrative affairs of the government are apportioned among the several departments as follows:

The department of the interior has under its executive control a bureau of health, the quarantine service of the marine-hospital corps, a bureau of forestry, a bureau of mining, a bureau of agriculture, a bureau of fisheries, a weather bureau, a bureau of ethnology (Pagan and Mohammedan tribes), a bureau of public lands, a bureau of government laboratories, a bureau of patents and copyrights.

The department of commerce and police has under its executive control a bureau of island and inter-island transportation, a bureau of post-offices, a bureau of telegraphs, a bureau of coast and geodetic survey, a bureau of engineering and construction of public works other than public buildings, a bureau of insular constabulary, a bureau of prisons, a bureau of light-houses, a bureau of commercial and street-railroad corporations, and all corporations except banking.

The department of finance and justice embraces the bureau of the insular treasury, the bureau of the insular auditor, a bureau of customs and immigration, a bureau of internal revenue, the insular cold-storage and ice plant, a bureau of banks, banking, coinage, and currency, and the bureau of justice.

The department of public instruction embraces a bureau of public instruction, a bureau of public charities, public libraries and museums, a bureau of statistics, a bureau of public records, a bureau of public printing, and a bureau of architecture and construction of public buildings.

At the same time, by appointment by the President, three distinguished Filipinos, Señor Trinidad H. Pardo de Tavera, of Manila, Señor Benito Legarda, of Manila, and Señor José Luzuriaga, of Negros, were added to the Commission.

On the 29th of October, 1901, in order to relieve somewhat the great pressure of official duties devolving upon Governor Taft, the President created the office of vice-governor, and appointed Hon. Luke E. Wright to that position.

Pursuant to the instructions of the President, the Commission, by appropriate legislation, made provision for municipal governments to be established throughout the islands as rapidly as conditions permitted. They also passed a general act for the organization of provincial governments in the Philippine Islands. A judicial system was created under which civil courts assumed the exercise of judicial powers. An insular constabulary and municipal police were created and installed, a civil-service law was enacted and put into successful and satisfactory operation. A system of account and audit was adopted and rigorously enforced. A system of education was adopted and installed. Forestry laws providing for the preservation and utilization of the public forests were adopted and enforced, and an extensive system of public improvements and repairs adopted and entered upon. Adequate means of securing revenue by the levy of duties and taxes were devised and put in force.

When the Fifty-seventh Congress of the United States assembled in its first session on December 2, 1901, that body entered upon the work of formulating legislation to provide for the administration of the affairs of civil government in the Philippine Islands. Upon investigation Congress found that there existed in said islands a government formulated with fidelity to the principles of liberty, equality, and jus-

tice prevailing in the United States, and administered with due regard for the welfare of the interests involved; whereupon Congress, by appropriate legislation, continued the existence of that government and placed the seal of legislative approval upon the governmental organization and ratified, approved, and confirmed each and everyone of the acts theretofore done and performed in connection therewith, and in addition conferred upon said government additional authority and rights which the President had not authority to bestow.

Through the exercise of authority vested in Congress, the government of the Philippine Islands was authorized to exercise certain powers of sovereignty which heretofore in our history had been exercised by the Federal Government exclusively; and valuable rights and privileges were conferred upon the Philippines, which never before had been given to any portion of the territory subject to our sovereignty, for the exclusive use and benefit of that territory. For instance, Congress authorized the government of the Philippine Islands, in time of peace, to impose tariff duties upon goods coming from ports of the States of the Union into ports of the Philippine Islands. No other portion of our territory has been permitted to exercise such authority in time of peace since the establishment of the Federal Government of the United States. Congress also conveyed to the government of the Philippine Islands all the public property in the archipelago which, by reason of the conquest of the islands and the treaty of Paris, had passed from the Crown of Spain to the United States of America. This included public buildings and improvements, streets, parks, highways, the beds of streams, the submerged soil of the coast, and also the mineral wealth and the great tropical forests of valuable woods throughout the islands.

Congress likewise authorized the government of the Philippine Islands to issue its own currency and assume direction and control of its postal service, an authority which is denied to even the sovereign States of the Union.

No integral or segregated portion of the territory subject to the sovereignty of the United States is to-day exercising by itself and for itself so many of the powers of sovereignty as is the Philippine Archipelago.

Under the governmental organization provided pursuant to the instructions of the President and ratified by Congress, the powers of the legislative branch of the Philippine government are exercised by the Philippine Commission, composed of five Americans and three Filipinos, appointed by the President. By the existing law of Congress provision is made whereby two years after the completion and publication of the census now being compiled, the legislative power is to be vested in a legislature, consisting of two houses—the Philippine Commission and the Philippine Assembly, the latter house to be elected by the inhabitants of the islands.

The powers of the judicial branch are exercised by a supreme court composed of seven members, appointed by the President, three of whom are natives of the islands. The courts of first instance and courts inferior thereto are presided over by judges appointed by the Commission. Of the present judges of the courts of first instance, 15 are Americans and 6 are natives. Of the minor courts nearly all the judges are natives.

The powers of the administrative branch of the government are

exercised by the governor and four executive departments heretofore referred to, namely, interior, commerce and police, finance and justice, and public instruction, resembling in character the administrative departments at Washington.

The municipal governments and the provincial governments are administered by officials selected by the popular votes of the inhabitants.

MUNICIPAL GOVERNMENTS.

The instructions of the President to the Philippine Commission stated:

Without hampering them by too specific instructions, they should in general be enjoined, after making themselves familiar with the conditions and needs of the country, to devote their attention in the first instance to the establishment of municipal governments, in which the natives of the islands, both in the cities and the rural communities, shall be afforded the opportunity to manage their own local affairs to the fullest extent of which they are capable, and subject to the least degree of supervision and control which a careful study of their capacities and observation of the workings of native control show to be consistent with the maintenance of law, order, and loyalty. * * *

In the establishment of municipal governments the Commission will take as the basis of their work the governments established by the military governor under his order of August 8, 1899, and under the report of the board constituted by the military governor by his order of January 29, 1900, to formulate and report a plan of municipal government, of which his honor, Cayetano Arellano, president of the audiencia, was chairman, and they will give to the conclusions of that board the weight and consideration which the high character and distinguished abilities of its members justify.

In accordance with these instructions, with the information secured from the report of the board above referred to, and after investigation and deliberation, there was enacted by the Philippine Commission a general act for the organization of municipal government in the Philippine Islands, which act was carried into effect throughout the islands as rapidly as conditions warranted.

The municipality was made the political unit, and the entire territory of the islands is divided into such units. In other words, the municipal subdivisions in the Philippines are the same as the towns of New England and the townships in other portions of the United States, and taken together include all the territory of the islands. At the present time this municipal code or charter has been applied to all the municipalities in the thirty-four Christian provinces hereinafter mentioned, except that the city of Manila has been incorporated under a special charter.

This general law of municipalities provides that the powers of the municipality are to be exercised by a president, a vice-president, and a municipal council, to be chosen by the qualified electors of the municipality, to serve for two years and until their successors are chosen and qualified. The law provides that the electors charged with the duty of choosing elective municipal officers shall be male persons above the age of 23, and to have had a legal residence in the municipality in which they exercise the suffrage for a period of six months immediately preceding the election, and who are not citizens or subjects of any foreign power, and who are comprised within one of the following three cases:

(a) Those who, prior to the thirteenth of August, eighteen hundred and ninety-eight, held the office of municipal captain, gobernadorcillo, alcalde, lieutenant, cabeza de barangay, or member of any ayuntamiento.

- (b) Those who own real property to the value of five hundred pesos, or who annually pay thirty pesos or more of the established taxes.
- (c) Those who speak, read, and write English or Spanish.

The law further provides that the following persons shall be disqualified from voting:

- (a) Any person who is delinquent in payment of public taxes, assessed since August thirteenth, eighteen hundred and ninety-eight.
- (b) Any person who has been deprived of the right to vote by the sentence of a court of competent jurisdiction since August thirteenth, eighteen hundred and ninety-eight.
- (c) Any person who has taken and violated the oath of allegiance to the United States.
- (d) Any person who, on the first day of April, nineteen hundred and one, or thereafter, shall be in arms in the Philippine Islands against the authority or sovereignty of the United States, whether such person be an officer, soldier, or civilian.
- (e) Any person who, on the first day of April, nineteen hundred and one, or thereafter, shall make contribution of money or other valuable thing in aid of any person or organization against the authority or sovereignty of the United States, or who shall demand or receive such contribution from others, or who shall make any contribution to any person or organization hostile to or in arms against the authority or sovereignty of the United States, for the purpose of securing any protection, immunity, or benefit.
- (f) Any person who, on the first day of April, nineteen hundred and one, or thereafter, shall in any manner whatsoever give aid and comfort to any person or organization in said islands in opposition to or in arms against the authority or sovereignty of the United States.
- (g) Insane or feeble-minded persons.

For economy in administration, the government of the Philippines has recently, by consolidation, reduced the total number of municipalities organized under the provisions of this municipal code from 1035 to 623.

There are at this time 982 presidents or mayors of municipalities, 2,906 secretaries, treasurers, etc., of municipalities, and 8,159 counselors of municipalities, all of whom are Filipinos, duly elected and serving under the provisions of this municipal code.

In actual practice the law has worked to the satisfaction of the people and of the Commission. There have been individual instances of misconduct on the part of municipal officers, which have been promptly punished by suspension and removal from office. Violation of the oath of allegiance has not yet been proved against a single president.

City of Manila.—The charter of the city of Manila follows closely in its general lines the plan of the legislation by which the city of Washington is governed. However, instead of requiring the General Government to pay one-half of the expenses of the city (the proportion paid for Washington by the Federal Government), the proportion is reduced to three-tenths.

The city government is vested in a municipal board of three members, one of whom must be a Filipino, appointed under the charter by the civil governor with the consent of the Commission.

Provision is also made in the charter for an advisory board, to consist of one member to be appointed by the civil governor, by and with the consent of the Commission, for each of the 11 city districts as they existed under the Spanish Government. It is the duty of this advisory board to bring to the attention of the municipal board the special needs of the city and its inhabitants and to make such suggestions and recommendations relative thereto as it may from time to time deem necessary. It is charged with the consideration of petitions presented by residents or inhabitants of the city and to report its

recommendations thereon to the municipal board. And, furthermore, the municipal board is required, before fixing license fees or involving the liability of the city, and in other matters of importance, to first submit the same to this advisory board for comment and recommendation.

PROVINCIAL GOVERNMENTS.

The instructions of the President, already referred to, directed that "The next subject in order of importance should be the organization of government in the larger administrative divisions corresponding to counties, departments, or provinces, in which the common interests of many or several municipalities falling within the same tribal lines, or the same natural geographic limits, may best be subserved by a common administration."

In compliance with these instructions, the Philippine Archipelago is now divided into 40 provinces or districts, which are governed under three general laws, and may briefly be mentioned as follows: 34 Christian provinces, 5 districts, and a Moro province.

The organization of the 34 Christian provinces.—The general provincial law under which the 34 Christian provinces are governed provides for a provincial government of five officers—the governor, the treasurer, the supervisor, the secretary, and the fiscal, or prosecuting attorney. The governing board is called the provincial board, and includes as members the governor, the treasurer, and the supervisor. The prosecuting attorney is the legal advisor of the board and the secretary of the province is its secretary. The first function of the provincial government is to collect, through the provincial treasurer, all the taxes, with few exceptions, belonging to the towns or the province. Its second and most important function is the construction of highways and bridges and public buildings. Its third function is the supervision, through the governor and the provincial treasurer, of the municipal officers in the discharge of their duties. Within certain limitations the provincial board fixes the rate of levy for provincial taxation.

The governor has the power to suspend any municipal officer found failing in his duty, and is obliged to visit the towns of the province twice in a year and hear complaints against the municipal officers. The provincial treasurer collects all the taxes, turns over those due to the town to the municipal treasurer, and examines the accounts of that officer. The supervisor must be a civil engineer, and carries on the work required to be done by the provincial board. The fiscal, or prosecuting attorney, is the legal advisor of the provincial board and of every municipality in the province.

In a number of provinces, however, it has been deemed wise to cut down the expense of government by consolidating the offices of treasurer and supervisor, usually filled by Americans, into the office of treasurer-supervisor.

The provincial governor is elected biennially, on the first Monday in February, by a convention consisting of counselors of every duly organized municipality in the province, which, after selecting a presiding officer and secretary, is to proceed by a secret ballot to choose a person to be the provincial governor, subject to confirmation by the Philippine Commission.

The positions of treasurer and supervisor are subject to the civil-

service law, and the positions of secretary and fiscal are filled by appointment made by the Philippine Commission.

An election was held in 32 of the 34 Christian provinces on the first Monday in February, 1904, and at this time all of the governors in these Christian provinces were elected to office in the manner above set forth, and for the first time all of them are Filipinos. The remaining provincial officers, including clerks of courts, members of boards of tax revision, etc., with the right of exercise of authority of government (but not including subordinate clerkships), are filled by 86 Americans and 238 Filipinos.

The organization of the Moro Province.—The Moro Province consists of all the islands of Mindanao and its adjacent islands, except the provinces of Misamis and Surigao (which are within the 34 already mentioned), also the island of Isabela de Basilan, and of the islands to the south of Mindanao in the Archipelago. It embraces within its boundaries, therefore, all the Moros in the Archipelago except a small number of them resident in the southern half of the island of Paragua and a possible few on the borders of the province of Misamis.

The Moro Province is divided into five districts.

The executive head of the province is the governor, who has as his assistants the provincial secretary, the provincial attorney, the provincial engineer, the provincial superintendent of schools, and the provincial treasurer. These officers constitute the legislative council for the government, and in case of an even division, the proposition having the vote of the governor prevails.

The province is given the customs receipts of the two ports within its geographical limits and is authorized to impose such other taxes as the legislative council may see fit. The legislative council has been granted a very large measure of discretion in dealing with the Moros and in preserving, as far as possible, consistent with the act creating the Moro Province, the customs of the Môros, the authority of the Datos, and a system of justice in which the Moro should take part. The first governor of the Moro Province is an officer of the Army, detailed for that purpose, and the remaining offices mentioned are filled both by civilians and by detailed officers.

The organization of the five district provinces, viz: Benguet, Lepanto-Bontoc, Mindoro, Nueva Vizcaya, and Paragua.—These provinces are populated, in whole or in part, by harmless and amiable but ignorant and superstitious tribes. It was necessary on the one hand that these inhabitants should be granted protection, and on the other that they should be gradually accustomed to the ways of civilized people, which it is believed they will readily adopt. To this end the general provincial government act has been applied to these provinces in a modified form, under which the governor or chief executive is appointed, as well as the other subordinate officials. The townships in these districts are also organized under a modified application of the general municipal code, and the actions of such township organizations are subject to the approval of the appointive governor.

ADMINISTRATION OF JUSTICE.

A complete judicial system has been provided for by legislative enactment of the Commission and inaugurated throughout the Archipelago. A code of procedure, adapted from American usage, has been

enacted, which has tended to remove many of the annoying delays and perplexing technicalities prevailing under the Spanish system, and, supplemented by such of the locally familiar Spanish laws, as were continued in force, afford complete and practical means of exercising the powers of the judicial branch of government.

A new criminal code and code of criminal procedure are well under way and will soon be enacted into law, the effect of which will be in the direction of simplifying procedure and eliminating those provisions of the existing codes which pertain to the sovereignty of Spain, the union of church and state, the rigid restrictions on the exercise of discretion by the judges, the giving to private individuals the right to control and compromise criminal prosecution, or to use such prosecutions for the purpose of blackmail and extortion, and the authority of the executive branch to control the action of the courts.

The judicial powers of the government of the islands are exercised by the following tribunals:

There is a justice of the peace and an auxiliary justice of the peace in each municipality, and in the city of Manila provision is also made for municipal courts.

The territory of the Archipelago is divided into 15 judicial districts, in each of which there is a court of first instance. There is one judge assigned to each of these districts except that of the district of Manila, wherein the volume of business requires that the court be divided into four parts, each presided over by a judge. In addition there are three judges at large to fill vacancies caused by sickness or leave of absence.

The appellate jurisdiction is vested in the supreme court of the islands, which consists of seven members, three of whom are Filipinos.

An enactment of Congress provides that appeal may be made from the supreme court of the islands to that of the United States in matters in which the Constitution or the rights and privileges of the United States are involved, or in causes in which the value in controversy exceeds \$25,000, or in which the title or possession of real estate exceeding in value the sum of \$25,000, to be ascertained by the oath of either party or of other competent witnesses, is involved.

There also exists a court of customs appeals consisting of the secretary of finance and justice, ex-officio president of the court, a judge of the supreme court to be detailed by the governor for that purpose, and a third judge to be appointed by the governor, with the advice and consent of the Commission; the third judge likewise to act as clerk of the court. This court has jurisdiction of all appeals from rulings of the collector of customs, and also of all criminal prosecutions for violations of customs laws.

There is a court of land registration consisting of two judges, which has jurisdiction throughout the Philippine Islands, and is a court of record. Registrars of deeds are provided for each of the provinces and for the city of Manila. Appeals from the judgments and decrees of the court of land registration may be had to the court of first instance, after final determination by the court first named, and such causes may pass from the court of first instance to the supreme court in the same manner as other causes pending in the court of first instance.

There exists the office of attorney-general, with his assistants, and solicitor-general, with duties somewhat analogous to those performed by similar officials of the United States. The attorney-general is an

American, the solicitor-general a Filipino, and the assistants about equally divided as to nationality.

The local advisor or prosecuting officer in the provincial governments, already referred to, is known as the "fiscal" of the province, all of whom are Filipinos.

The system has been successful in operation, and in the main met the reasonable expectations of the public, and completely vindicated the wisdom of the new departure involved in the reorganization of courts and judicial procedure.

The civil business in the courts has increased as the commercial interests of the islands have become more settled and well established, and the courts have been able to furnish satisfactory tribunals for the speedy and just termination of such controversies. The litigation which was pending at the termination of the Spanish régime has been very largely closed up, and the business in the courts, civil and criminal, is now mainly current in distinction from the disposition of arrears of old business. In the prosecution of minor offenses, the provincial fiscals have been able to cope successfully with the situation, aided largely by supervisors of fiscals sent out from Manila. In more important prosecutions the attorney-general, the solicitor-general, and subordinates in the office of the attorney-general have rendered efficient and valuable services.

Convictions have been secured in nearly every case where justice required conviction. Adequate penalties have been imposed. Justice is administered evenly, uniformly, honestly, expeditiously, and ably throughout the islands. The judges, both native and American, have performed their duties in a very satisfactory manner. It is not too much to say that the new judicial system has been one of the greatest benefits that has been conferred upon the islands by the American Government, and that it has brought home to the Filipino people an abiding conviction that in the courts is to be found safe and reliable protection against all unjust invasions of the rights of person or property.

CIVIL SERVICE IN THE PHILIPPINES.

One of the first laws adopted by the Philippine Commission upon its assumption of legislative powers was an act providing for the organization of the civil service on a basis of merit.

It was the purpose of the Commission in passing the civil-service bill to provide a system which would secure the selection and promotion of civilian officials solely on the ground of merit, and would permit anyone, by a successful competitive examination, to enter the service and by the efficient discharge of his duties reach the head of any important department of the government.

This civil-service act provides that preference in appointment shall be given, first, to natives of the Philippine Islands, and, second, to honorably discharged soldiers, sailors, and marines of the United States.

In order that the inauguration of this system might not create hopeless confusion, the act provided that the officers and enlisted men of the Army at that time detailed to the performance of civil duty might be continued in their civil capacity upon their muster out or discharge upon such tests of fitness as might be determined upon by the civil-service board created by the act. This board also had authority to

continue in the service the existing civil servants on the same basis. The number of employees at that time was comparatively small, and the incompetents were weeded out by an examination in which the element of efficiency and habits was the controlling factor. All appointments to the civil service subsequent to the passage of the act have been made after examination, and the entire civil service can now be said to be on an examination basis.

In the beginning, by reason of their lack of knowledge of the English language and of American methods, Filipinos in any considerable numbers could not be used to advantage in the administration of the central government of the islands at Manila; but with the progress they have made in acquiring a knowledge of the English language and of American methods, a large number now fulfill the civil-service requirements, and the proportion of places given to Filipinos in the general government is becoming much greater.

In the provincial and municipal services a knowledge of English was not essential, and from the beginning Filipinos secured appointment, through civil-service examination, to practically all the positions in those governments. Examinations are held in the Philippines and also throughout the United States by the United States Civil Service Commission.

The Phillipine civil-service act is very comprehensive, and includes all positions in the executive branch of the civil service, except a few requiring highly technical and professional knowledge and experience. Subordinates in the clerical force of the judicial branch of the service, as well as practically all positions, except elective offices in the provincial service, come within its requirements, as does also the government of the municipality of Manila.

On March 20, 1903, the President approved an amendment to the United States civil-service rules allowing the transfer to the Federal civil service of an officer or employee who has served in a competitive position in the Philippine civil service for a period of three years or more.

The Annals of the American Academy of Political and Social Science, in its issue of May, 1902, stated:

It is hard to see how our government of the Philippines could be started upon its path in any better way than by the excellent provisions established by the Philippine Commission. The reflex action upon our Government at home of the establishment of a complete merit system in the Philippine Islands can hardly fail to be beneficial. The example of good methods successfully administered, even in a possession as distant as the Philippines, is sure to beget good results when contrasted with the inefficiency and corruption that flow from the remnants of the spoils system here at home. It will be remembered that England first tried competitive methods in her Indian possessions before she established the civil-service system at home, and it was the successful working of this commission in India which led to its adoption in England. It may not be improper to repeat here the opinion expressed on a former occasion, that inasmuch as the beginnings of this reform came from Calcutta to London, it is not impossible nor unreasonable to expect that its perfect consummation may come from Manila to Washington.

Table showing number of Filipinos and Americans employed under the government of the Philippine Islands.

	Americans.	Filipinos.
Members of the Philippine Commission.....	5	3
Justices of the supreme court.....	4	3
Judges of the court of first instance.....	16	7
Judges of the court of customs appeals.....	1	1
Judges of the court of land registration.....	1	1
Justices of the peace and auxiliary justices of the peace.....		1,708
Civil service of the general government.....	1,777	2,697
Governors of provinces.....	8	32
Other provincial officials.....	86	238
Municipal presidents (mayors).....		982
Municipal councillors.....		8,159
Municipal secretaries-treasurers.....		2,906
Total.....	1,898	16,737
Municipal school teachers.....		3,500
English teachers.....	1,000
Total.....	1,000	3,500
Municipal police.....		10,000
Philippines constabulary.....	345	7,000
Total.....	345	17,000

This table does not include the Philippine Scouts, which are a part of the military establishment of the United States, the commissioned officers of which are Americans, and the noncommissioned officers and other enlisted force of which, to the number of 5,000, are Filipinos; nor does it include the large number of unskilled employees of the Philippine government, all of whom are Filipinos, employed in such places as the street-cleaning department of the city of Manila, the work of the Benguet road, the office of the insular purchasing agent, the board of health, etc.

THE EDUCATION OF THE FILIPINOS.

The work of providing educational facilities for the Filipinos is assumed by the general government of the islands; and to promote that endeavor there has been established a department of public instruction.

There are employed in this department between 2,500 and 3,000 Filipino teachers, and nearly 1,000 American teachers, the latter engaged, primarily, in teaching English to the Filipino teachers in addition to the classes of children instructed by them. On the date of the last report of this department there were maintained in the Archipelago about 2,000 primary schools and 38 secondary schools.

In addition to these primary classes the government maintains a number of technological schools, including a trade school and an agricultural school; normal institutes for the improvement of the native teachers are held during each school vacation. There is also maintained a well-equipped nautical school, developing persons qualified to become officers in the interisland merchant marine, and with the enlargement of this school it is hoped that ultimately many of these positions can be filled by natives of the islands. In this connection attention is called to the fact that apprentices are taken on in the government printing office at Manila, with the gratifying result that many Filipinos are now learning the useful trades to be acquired in that establishment.

Night schools are maintained in the city of Manila and in other places for the education of adults and others who are not at liberty to attend day school, and there was at the time of the last report an average daily attendance of 10,000.

The civil-service law, offering an immediate reward for ability to pass examination, has had a direct effect in inciting the Filipinos to acquire practical knowledge. At the time American occupation was established there were not more than one or two Filipinos in the islands with ability to run a typewriter; there are now hundreds who are so qualified. Typewriting is being taught in some of the schools.

It may be said that the entire governmental structure erected in the islands is itself a school, as in each office will be found Filipinos in a position to observe and learn American methods of government.

Under a recent enactment of the Commission, provision is made for bringing to the United States not less than 100 Filipinos each year, who are to remain in this country for a period of four years, in different schools and colleges, for advanced instruction, and also for a thorough learning of English and American methods, and who upon their return are obligated to submit to a competitive civil-service examination, and if appointed to enter service under the government for at least the length of time spent by them in the United States. There are now in this country 100 Filipinos being educated under this law, and steps have already been taken to arrange for the bringing over of others within the next few months. The return of these people to the islands and the dissemination of information by them will have a most beneficial and far-reaching effect.

There have been established in four different cities in the islands telegraph schools, with a view to fitting Filipinos to replace, as rapidly as possible, the Americans now engaged as operators in the telegraph service of the islands, which is in harmony with the general policy of utilizing Filipinos for all positions in the insular service for which they can qualify.

In the last fiscal year the Bureau of Education expended 2,438,185 pesos, in addition to the sums raised by the various municipalities and provinces, for school purposes. The Schurman Commission stated the Spanish expenditures in 1894 for education at 404,731 pesos.

In the instructions of the President, the Commission was enjoined to give especial attention to offering full opportunity to the people of the islands to acquire the use of the English language. The Filipinos are eager to acquire a knowledge of our language. The native languages are numerous and so unlike that no one of them can be employed as the common medium of communication. During the Spanish régime no effort was made to give the great body of the people an opportunity for learning Spanish, and but a small proportion of the total population has a knowledge of that language. To have based the education of the population upon the native language would have confined them to the horizon of their immediate surroundings, whereas the adoption of English as the language of the schools will ultimately result in a common language throughout the islands and will open up to the population the literature of the world. English has been adopted as the base of instructions and results already accomplished fully justify this action.

THE MONETARY SYSTEM.

Under congressional authority there has been inaugurated a complete currency system, which affords a fixed medium of exchange and thereby does away with the fluctuation in value which was such a menace to trade in the old days.

The coinage of the islands is distinctive, showing that it is a coin of the Philippine Islands, and also showing such islands to be under the sovereignty of the United States. The silver coinage is based upon the decimal system, ranging in value from the ten-centavo piece to the one-peso piece. There is also a nickel coin of 5 centavos, and bronze coins of one and also one-half centavos. These coins have a fixed convertible value to the United States currency in the ratio of 2 to 1. A gold reserve is maintained for the purpose of preserving this parity.

The islands have also a distinctive paper money, showing that it is an issue of the Philippine government under the sovereignty of the United States. These silver certificates are issued in the denomination of 2, 5, and 10 pesos and bear the vignettes, respectively, of José Rizal, a Filipino, McKinley, and Washington.

Merchants in the islands can buy exchange on New York by depositing with the insular government Philippine currency by the payment of a premium of three-fourths of 1 per cent for demand drafts and of 1½ per cent for telegraphic transfers. During the Spanish régime, as well as during the first years of American occupation, the currency of the Philippines was subject to the fluctuations of the silver-bullion market, and the trade of those islands was at the mercy of an ever-changing currency as well as an ever-changing rate of exchange. This great obstacle to commercial development and stability has been removed by the establishment of a fixed standard of value.

BANKS.

In addition to the banks existing prior to American occupation, branch banks have been established in Manila by the Guaranty Trust Company of New York and the International Banking Corporation, and one private American bank has been established.

The inauguration of these banks is a great step forward in connecting the trade and financial affairs of the Philippines with those of the United States.

PHILIPPINES CONSTABULARY.

The disturbed conditions resulting from and continuing after the insurrection made it obvious that considerable time must elapse before the civil police force of the municipalities of the archipelago would be able to maintain order. From time immemorial the inhabitants of rural communities had been subjected to the incursions of ladrone, who preyed upon peaceable and industrious districts, and when pursued found refuge in the jungle and mountain fastnesses. It was deemed inconsistent with the idea of civil government that the military forces of the United States should exercise police powers even for the purpose of suppressing this evil; besides the expense involved in their use was very great, and the American soldier was ill-adapted by his training to perform the functions of a policeman. Therefore, to meet the requirements of the situation, the Philippines constabulary was organized. The past year has fully tested the constabulary organization and has demonstrated both its theoretical and practical advantages. The men have proved obedient, loyal, and brave. They have been almost constantly engaged in clearing the provinces of cattle thieves and highway robbers. The organization of this corps made possible the fur-

ther reduction of American troops in the archipelago, until now there are less than fifteen thousand American soldiers stationed in the Philippines.

The present enlisted force of the constabulary consists of about 7,000 men, all natives of the Philippine Islands. The constabulary is commanded principally by American officers, although a few of the officers of the lower grades are Filipinos. The chief and assistant chiefs are officers of the Regular Army detailed to the Philippines constabulary under the provisions of an act of Congress. To further promote the efficiency of the constabulary there have recently been made a number of appointments to the grade of lieutenant from among the graduates of military schools in the United States.

The constabulary is maintained from the revenues of the Philippine Islands.

MEANS OF COMMUNICATION.

Postal and telegraph service.—Post-offices have been established throughout the entire archipelago, and mail matter is promptly forwarded from point to point with safety and reasonable regularity. The postal facilities include the issuance of money orders, which is an important factor, for commercial banks do not exist in the islands outside of Manila, Iloilo, and Cebu. Free-delivery service has been established for the city of Manila, the entire force of letter carriers being natives of the Philippine Islands. In the smaller towns of the archipelago, where the business does not justify the salary of a postmaster, teachers, officers of the constabulary, provincial and municipal officials, are appointed postmasters in addition to their other duties with slight extra compensation. At the present time there are established in the Philippine Islands more than two hundred post-offices. The rates of postage are the same as in the United States.

Telegraph lines.—During military operation it was found necessary to construct telegraph and telephone lines connecting Manila with nearly every municipality in the islands, and in this manner some 8,000 miles of overland telegraph lines and cable were constructed. The withdrawal of garrisons necessitated the abandonment of many of the stations by the military, and these stations are being taken over by the civil government as fast as skilled operators can be secured. At the present time the archipelago is gridironed with 8,000 miles of land and sea telegraph and cable lines, and commercial messages can be sent to practically all points throughout the archipelago at rates considerably less than prevail in the United States.

This is a great help to the commercial interests in the Philippines, which long suffered for want of adequate mail and telegraphic communication.

The new Pacific cable.—The opening of the new Pacific cable on July 4, 1904, furnishes a direct means of communication between the United States and the Philippine Islands, and reduces the cost of messages not only to the Government, but to private individuals, and is of vast importance both to the Government and to the commercial world.

Highways.—The general subject of improved transportation has been given primary consideration, especially in so far as it relates to highways. Extensive repairs and improvements to existing highways have been carried on throughout the provinces. For the general

supervision of this work a bureau of engineering has been established and has for its representatives in the provinces the provincial supervisor. Although handicapped by losses of draft animals, the unsettled condition of labor, and remoteness from an adequate base of supplies, excellent progress has been made in the work of building new roads. This work has generally been performed under the direction of army engineers.

Nearly \$3,000,000 have been expended in the construction of what might be termed trunk line wagon roads which, primarily designed for military purposes, nevertheless are open to and afford facilities for the farmer and producer in civil life; \$40,000 have been appropriated for a road from Vigan to Bangued, some 22 miles; \$40,000 have been appropriated for another from Bacon to Bulasan, some 35 miles; and field surveying parties are at work on seven other roads which, when completed, will cost the government at least \$50,000. There is in the course of construction at the present time what is known as the Benguet wagon road. It is estimated that this road when completed will cost over \$1,000,000, and will cover a distance of 35 miles from Pozorrubio, in the province of Pangasinan, to Baguio, in the province of Benguet. This road is being constructed on comparatively easy grades and of proper width so that it may be used as an ordinary highway and also as the roadbed of an electric or steam road. It will furnish an easy and convenient passage to the highlands of Benguet, where the Commission has already constructed a sanitarium for invalid civil employees. It is the intention to ultimately make Benguet a recuperating station not only for the civil government, but for the military establishment as well, and it is thought that the beneficial results derived from a short stay in Benguet will obviate the necessity of returning so many employees and soldiers to the United States each year for recuperation in a colder climate, and will thus be a saving to the insular government as well as to the United States Government.

The above pertains to roads which have been and are being built and paid for by the Philippine central government, and is only a small proportion of the amount which has been expended by the provinces in the construction of new, and in the repair of old roads and bridges. During the last fiscal year one province expended almost \$20,000 for this purpose, and the amount of work which has been done in this manner will be appreciated when it is considered that there are 39 provinces in the islands. The central government has also made loans to almost all of the provinces—in some instances to the amount of \$25,000—for the construction of highways and the repair of roads and bridges, and the provincial governments have been authorized to expend provincial funds for the same purpose.

The demand has been for the construction of roads passable during the dry season, but this policy produces no permanent roads and requires extended and expensive repairs annually; therefore, attention is being directed to the construction annually of a number of miles of permanent roads in each of the provinces.

PUBLIC DOMAIN.

Public lands.—The total amount of land in the Philippines is approximated at 74,000,000 acres. Of this amount it is estimated that about 5,000,000 acres are owned by individuals, leaving in public lands about

69,000,000. The land has never been surveyed and these amounts are estimates.

The military government which existed up to July 1, 1902, had no power to part with the public land belonging to the United States, as that power belonged to Congress.

In the Philippine government act of July 1, 1902, Congress conveyed to the government of the Philippine Islands all public property, including the public lands ceded to the United States under the treaty of Paris, and directed that government to classify according to its agricultural character and productiveness, and to immediately make rules and regulations for the lease, sale, or other disposition of the public lands other than timber and mineral lands, with the proviso, however, that such rules and regulations were not to go into effect or have the force of law until they should have received the approval of the President and submitted by him to Congress.

The bureau of public lands, with a competent personnel, was immediately established, charged with the duty of making the necessary preliminary investigation and drafting the rules and regulations, which have been enacted into law by the government, and are now before the Congress of the United States; and unless such law is disapproved or amended by Congress during the present session, they will at the close of the session have the force and effect of law in the Philippine Islands.

Forestry.—This enactment of Congress also authorized the disposition of the timber, trees, forests, and forest products on lands leased or demised by the government of the Philippine Islands under such regulations as it might prescribe.

The forests of the Philippine Islands are enormously rich in hard woods and dyewoods, and in the great variety of trees yielding valuable gums and rubber and gutta-percha.

Many valuable varieties of timber are without market value at the present time because their properties are unknown.

A well-equipped timber-testing laboratory has been established at Manila and important practical tests for the purpose of ascertaining the qualities of the different Philippine woods have already been made.

There are a number of woods whose strength has been scientifically determined to be greater than the American pig-nut hickory, which is understood to withstand the greatest strain of any of the American woods.

A scientific study has been made of the best means of extracting gums, rubber, and gutta-percha from the standing trees, and every effort is being made to teach the natives of the islands how the products may be secured, and the output increased without permanent injury to the forests.

The public forests and forest reserves of the Philippine Islands are held and administered for the protection of the public interests, the utility and safety of the forests, and their perpetuation in productive condition.

This work of preservation and protection of the forests and forest products is performed under an organized branch of the insular government, with a corps of expert foresters and rangers throughout the islands. The regulations provide for a system of selection and number of trees to be cut for timber purposes, and also a tax per cubic foot, based on the character of the timber.

The government dues on forestry products are collected by provincial treasurers and covered into the insular treasury. The cost of maintaining the forestry service is deducted from the revenues so received and the balance remaining is divided between the provincial and municipal governments in the province from which the products originally come.

During the fiscal year 1903 the operating expense of the forestry service amounted to \$96,202.36 United States currency and the revenues collected amounted to \$527,414.85 Mexican.

Minerals.—Soon after the occupation of the islands by the Americans a mining bureau was established which, of necessity, under the limited authority of the then existing government, confined its work to investigation of and report upon mines and claims, to the translation of Spanish laws, decrees, and documents, to the gathering of information as to the results of prospecting, and to the preparation of reports on the more important minerals found in the islands, and to laboratory work and assays on specimens submitted.

The most important work of the mining bureau has been its institution of a system of mineralogical and geological surveys. A museum of geological specimens and a laboratory for scientific research and assay are maintained.

Coal.—Coal is known to exist in many of the different islands of the Archipelago, and some of the deposits are very extensive. Testimony is unanimous that the Philippine coals do not clinker, nor do they soil the boiler tubes to any such extent as do Japanese and Australian coals. It has been demonstrated that coal from several deposits in the Philippine Islands will coke.

These coals have been given practical test in the vessels engaged in the coasting trade of the Archipelago, with very satisfactory results as regards their steam-making properties. Prior to American occupation the shipping in Philippine waters was dependent upon coals imported at great distance, whereas local coals are now being utilized, and it is believed will be mined in sufficient quantities to more than meet the heavy demands of shipping in those waters.

The island of Batan is spoken of as "a solid mass of coal." An electric railway is now nearing completion, which will connect this mine with a deep-water harbor. It is to be developed by private corporations, under the direction of an officer of the Engineer Corps of the Army detailed, with a competent force of skilled miners, for the purpose of carrying on a systematic examination of the deposits, to determine their extent and value.

Gold, copper, and other metals.—There are well-known deposits of gold, copper, and other metals throughout the islands. A mineralogical map has been prepared, showing the authenticated mines and proved mineral deposits of value, but which does not purport to represent all mineral deposits in the islands.

Mining claims.—Upon the passage of the Philippine government act of July 1, the mineral deposits in public lands in the Philippine Islands were declared to be free and open to exploration, occupation, and purchase, and the land in which they are found to occupation and purchase, by citizens of the United States, or of the Philippine Islands, and in pursuance thereof, an enactment was passed by the Philippine Commission prescribing regulations governing the location and manner of recording mining claims, and the amount of work necessary to hold

possession of a mining claim. The administrative work with reference to titles to mining claims was transferred to the bureau of public lands, and the bureau of mines of the insular government has continued its work of effectively carrying out reconnoissances of the important mineral regions of the Philippines in order that accurate information, of value to the prospector, the miner, and the capitalists may be made available and the development of the mining industry may be stimulated.

Up to June 30, 1903, there had been presented for record 357 lode claims, 95 placer claims, 6 coal claims, and 141 claims the character of which was not designated, making a total of 599. These claims were scattered throughout the different provinces of the archipelago.

Agriculture.—The inhabitants of the Philippine Islands are essentially an agricultural people. Agriculture had, nevertheless, up to the time of American occupation, been carried on in a very primitive fashion, with rude implements and antiquated machinery, and without the employment of suitable methods of cultivation. The results obtained, even under such conditions, afforded proof of the favorable character of the climate and the natural richness of the soil.

The insular government has created a bureau of agriculture to conduct investigations and disseminate useful information with reference to the agricultural resources of the Philippine Islands, the methods of cultivation at present in vogue and their improvement, the practicability of introducing new and valuable agricultural products, the introduction of new domesticated animals, and the improvement of the breeds of domesticated animals now in the islands, and, in general, to promote the development of the agricultural resources of the country.

A competent corps of scientific assistants has been engaged, and surveys of the soil have been made throughout different parts of the archipelago, with a view to determining its adaptability for various products.

It has been shown that many vegetables peculiar to the United States and the temperate zone can be cultivated to advantage in the Philippine Islands. Irish potatoes, peas, tomatoes, beets, and other vegetables have been successfully reproduced in the Philippines from American seed, as well as improved varieties of the orange and lemon brought from California. Pear, peach, apricot, and plum trees have been successfully introduced in the highlands.

An experimental station for the testing of seeds and the growing of plants and trees not indigenous has been established in Manila, where it can be conducted under the immediate direction of the officials of the bureau, and, where the results here obtained justify, the work is carried on in other parts of the archipelago where soil investigations have demonstrated a possible successful result.

A great many publications upon the culture of agricultural products in the Philippines, such as cacao, tobacco, cocoanut, and others, have been prepared and disseminated for guidance and information. These bulletins and publications contain a large amount of practical information, enlightening the public as to the agricultural possibilities in the Philippines and aiding the intelligent Filipino agriculturists to improve their methods of cultivation.

Steps have been taken to rehabilitate the coffee industry by demonstrating that immunity from disease and insect pests may be obtained

by the selection of a vigorous variety of coffee and the adoption of the best systems of cultivation and treatment. The coffee industry in the Philippines was annihilated prior to American occupation by blight and an insect which destroyed the plant.

Probably no country in the world produces a greater number of valuable fiber plants than do the Philippine Islands. Manila hemp occupies an exclusive position among fibers, and the question of its continued improvement and increased development has been carefully investigated and recommendations and reports made thereon.

In the past the vegetables sold in Manila were chiefly imported from China and were a continual source of danger on account of the possible introduction of disease, and for this reason the successful introduction and cultivation of vegetables will have a most far-reaching effect.

The bureau of agriculture has demonstrated that forage for animals can be successfully grown in the Philippines, whereas in the past it has been necessary to import the same at a high price.

It was demonstrated under insular-government auspices that on well-fertilized land with frequent irrigation ten crops of teosinte can be grown in one year with a yield of 135 tons green and 30 tons dry fodder per acre. A field of alfalfa sown on January 6 was cut three times before August 31, the last cut yielding at the rate of 2 tons green and 1,300 pounds dry per acre.

With the heavy loss of horned cattle, due to rinderpest and the ravages of surra and glanders among the horses of the archipelago during the first few years of American occupation, it became increasingly important to restock the islands with the draft animals to which the Filipinos are accustomed, as well as to introduce new draft animals and improve existing breeds.

The insular government, following the intent of Congress expressed in the appropriation of a relief fund, has purchased, throughout the different countries of the Orient, several thousands of carabao, the work animal of the Philippines in agriculture, and with a view to restocking the farms, sold them to the native farmers at less than the actual cost price to the government. This work is still under way.

A stock farm where breeding experiments can be conducted has been established, and steps taken for the importation of stallions, jacks, and mares. In fact, a number have already been sent to the islands. It is believed that this work will develop a type suited to the demands of the Philippines.

The establishment of a serum laboratory, and the manufacture of the necessary serum, has made it possible for the government to take up vigorously the work of immunizing all horned cattle remaining in the Philippines, as well as all that are imported, to prevent a recurrence of devastation by rinderpest.

The effort of the insular government for the prevention of rinderpest, by a scientific method of inoculation, has met with a marked success, and the inoculation has proved to be effective in stopping the ravages of the disease.

An agricultural college has been established on the grounds of the government farm, in the island of Negros, for practical instruction in agriculture, and an experiment station is conducted in connection with said college.

A government farm and experiment station has also been established in the island of Luzon, and another on the island of Mindanao.

The purchase of the friar lands.--The course to be pursued by the Philippine government in sustaining the new relations between the church and the state necessarily resulting from the transfer of the Philippine Islands from Spanish to American sovereignty, was set forth in the Instructions of the President to the Philippine Commission, as follows:

It will be the duty of the Commission to make a thorough investigation into the titles to the large tracts of land held or claimed by individuals or by religious orders; into the justice of the claims and complaints made against such landholders by the people of the island, or any part of the people, and to seek by wise and peaceable measures a just settlement of the controversies and redress of wrongs which have caused strife and bloodshed in the past. In the performance of this duty the Commission is enjoined to see that no injustice is done; to have regard for substantial rights and equity, disregarding technicalities so far as substantial right permits, and to observe the following rules:

That the provision of the treaty of Paris pledging the United States to the protection of all rights of property in the islands, and as well the principle of our own Government which prohibits the taking of private property without due process of law, shall not be violated; that the welfare of the people of the islands, which should be a paramount consideration, shall be attained consistently with this rule of property right; that if it becomes necessary for the public interest of the people of the islands to dispose of claims to property which the Commission finds to be not lawfully acquired and held, disposition shall be made thereof by due legal procedure, in which there shall be full opportunity for fair and impartial hearing and judgment; that if the same public interests require the extinguishment of property rights lawfully acquired and held, due compensation shall be made out of the public treasury therefore; that no form of religion and no minister of religion shall be forced upon any community or upon any citizen of the islands; that, upon the other hand, no minister of religion shall be interfered with or molested in following his calling; and that the separation between state and church shall be real, entire, and absolute.

At the time of the transfer of sovereignty three religious orders, the Dominicans, Augustinians, and Recoletos, who were established in the Philippines under Spanish rule, held about 420,000 acres of agricultural lands. These lands were occupied by native tenants intensely hostile to the friars, and that hostility was unquestionably shared by the vast majority of the people of the islands. The relation of these landlords to their tenants and to the entire people was one of the chief causes of irritation and rebellion under Spanish rule.

The new conditions made it manifest that the interest of the religious orders required that they should convert into money this property, which they could no longer peacefully enjoy or practically make useful. At the same time the peace and order of the community, the good will of the people toward the Government of the United States, and the interest of an effective settlement and disposition of all questions arising between the church and state in the islands made it equally desirable that these lands should be purchased by the state and that opportunity to secure title upon reasonable terms should be offered to the tenants and to the other inhabitants of the islands.

The act of Congress approved July 1, 1902, commonly known as the "Philippine government act," authorized the Commission to acquire title to the lands of religious orders held in such large tracts as to injuriously affect the peace and welfare of the people of the islands; to issue bonds in payment for such land; to sell the land, with a preference to actual settlers and occupants; and to apply the proceeds to paying the principal and interest of the bonds.

Governor Taft, being about to return from Washington to his post

at Manila, was directed to stop at Rome for the purpose stated in the following extract from his instructions:

In view, therefore, of the critical situation of this subject in the Philippines, and of the apparent impossibility of disposing of the matter there by negotiation with the friars themselves, the President does not feel at liberty to lose the opportunity for effective action afforded by your presence in the West. He wishes you to take the subject up tentatively with the ecclesiastical superiors, who must ultimately, determine the friars' course of conduct, and endeavor to reach at least a basis of negotiation along the lines which will be satisfactory to them and to the Philippine government, accompanied by a full understanding on both sides of the facts and of the views and purposes of the parties to the negotiation, so that when Congress shall have acted the business may proceed to a conclusion without delay.

The conference suggested by this instruction resulted in a full and satisfactory understanding as to the methods to be adopted for disposing of the various questions arising out of the separation of church and state in the Philippine Islands required by the change of sovereignty and the sale of the friar lands.

The church authorities at Rome, having favorably considered the proposition to purchase the agricultural lands of the three great religious orders, appointed an apostolic delegate, with such powers as could be conferred upon him, to complete the negotiations and transfer. The apostolic delegate, Monsignor Jean Baptiste Guidi, Archbishop of Stauropoli, reached the islands in the fall of 1902, and negotiations were at once begun.

The Commission had previously caused said lands to be surveyed, classified, and valued. The negotiations, however, occupied considerable time, for it appeared that the friars had complicated their title to a large portion of the lands by alleged transfers to private individuals and companies, and it eventually became necessary to bring these parties into the conference. It was well-nigh impossible to come to an agreement respecting the value of the land, and in order to determine the value, representatives of the various companies and other interests were invited to attend a hearing where numerous witnesses were called upon to testify. After numerous propositions and counter propositions had been rejected an agreement was reached whereby was closed the purchase of 410,000 acres at a price of \$7,239,000 in gold.

This amount was paid in cash from funds realized from the sale of bonds of the Philippine government bearing interest at the rate of 4 per cent per annum, which bonds were sold in the United States at the rate of \$107.577.

Respecting the settlement of this matter, Governor Taft, in his report as civil governor for the year 1903, says:

It is thought that the result of these negotiations and the purchase of the lands form a most important step in the rehabilitation of the people of the islands and that the readjustment of their relations to the Roman Catholic Church, which can not but be of material benefit in a political way to the insular and provincial governments * * *. We can not prophesy that the adjustment will rid us entirely of the agrarian questions. There will be doubtless litigation and local centers of disturbance growing out of government landlordism; but the elimination of the friars from the question can not but tend greatly to facilitate satisfactory adjustments. During the last six months I have been in receipt of petitions from tenants in the provinces of Cavite and Laguna, where the agrarian question has been most bitter, urging the purchase of the lands, with a statement that the tenants fully understood that the lands are to be sold to them and that they are to pay for the same.

The visit to Rome was watched with intense interest by the people of the islands, and had it not resulted in a purchase of the lands, my judgment is that great disappointment would have been felt. * * * The number of friars in the islands is rapidly diminishing from year to year, and with the adjustment of the land question

and the division of the proceeds between the orders and the church, and the use of the part belonging to the Roman Church for improvement of the Philippine Church, we may reasonably hope that in a decade the agrarian and political question of the ~~fears~~ in the Philippines will have been completely removed from among the obstacles to good government with which the Americans, in coming to the islands and assuming control thereof, were confronted.

WEATHER BUREAU SERVICE.

There is maintained by the Philippine government a weather bureau service with a central office in Manila and with fifty stations throughout the entire Archipelago, from which daily telegraphic reports are made to Manila. These stations are well equipped to determine temperature, winds, humidity, and seismic disturbances. There is also maintained a station on the island of Guam which is of great importance in forecasting typhoons likely to endanger the shipping interests in the seas of the Philippine Archipelago. One of the greatest dangers to navigation in the Philippine Islands results from typhoons. The benefits conferred by the weather bureau in forewarning shipping of the coming of typhoons is incalculable. Storm signals are hoisted in the principal ports, where they can be seen readily by shipping, and, furthermore, vessels are advised of approaching typhoons by the customs authorities.

In the central office at Manila there are 39 instruments for direct observation and 34 self-registering instruments of the finest and most modern manufacture in operation under the direction of the most competent scientists. One of the most important and indispensable works performed by this weather service is the rating of the chronometers of the shipping in that section of the world.

A crop service is maintained and weather bulletins issued, which are carried in the English and Spanish papers as items of news, and many of the municipalities in every province have contributed to this service.

ETHNOLOGY.

The ethnological survey of the non-Christian tribes in the Philippines has been under way in the hands of competent ethnologists and anthropologists for the past two years, and much valuable information and many documents pertaining to the law, history, language, and religion of these tribes, as well as many valuable photographs, have been obtained. Many valuable contributions to the world's knowledge of the tribes of the islands have been made by these scientists. A careful series of enumerations and estimates place the pagan inhabitants of the Philippines at about 400,000 and the Mohammedans at about 253,000.

Aside from its scientific value, the work of this ethnological survey will supply much information essential to the formation and establishment of proper government for these tribes.

PHILIPPINE EXHIBIT AT ST. LOUIS EXPOSITION.

The Philippine government, at a cost of nearly \$1,000,000, is making at the Louisiana Purchase Exposition at St. Louis an elaborate exhibit of Philippine products, art, ethnology, education, and habits of the people. There has been allotted for this purpose about 45 acres of

space within the exposition grounds, and there will be brought from the Philippines, approximately, 1,200 Filipinos and 14,000 tons of exhibits and building materials. Of these Filipinos, from 600 to 800 are in the military service of the Philippine government or are in the Philippine Scouts, an organization which is a part of the United States military forces in those islands.

They will be accompanied by the Philippines Constabulary band of 85 pieces.

This exhibit at St. Louis will afford an opportunity for the people of the United States to acquire information relative to the Philippines in a more graphic manner than has yet been offered. The Philippine government will send to the United States during the period of the exposition an honorary commission of fifty prominent Filipinos, who will visit St. Louis and other cities, and in that manner gain a practical knowledge of American institutions and methods, which, upon their return, will be of great benefit, and will undoubtedly do much to promote mutual good feeling and trade relations between the two countries.

CENSUS.

The Philippine government act of Congress of July 1, 1902, provided that when the President so directed the Philippine Commission should order a census of the Philippine Islands to be taken, and that two years after the completion and publication of this census, if conditions at that time warranted the same, a general election should be called for the choice of delegates to a popular assembly of the people in the Philippine Islands, ~~which~~ assembly would constitute the lower house of a legislative body, of which the Philippine Commission would be the upper branch.

Under this Congressional authority the Philippine government has completed the taking of a census of the islands, paid for out of Philippine revenues. The census data generally collected in such work in the United States has been secured and amplified in the Philippine census.

The compilation of the returns is now in progress in Washington and will probably be ready for publication the latter part of this year. This census will afford the first complete and reliable data relative to the Philippine Islands, and will serve as a basis for future guidance in many important matters and undertakings.

THE PHILIPPINES CUSTOMS TARIFF.

The customs tariff and regulations first enforced by the American authorities in the Archipelago were based upon those of the Spanish administration with certain changes made from time to time. It was felt, however, from the beginning that they should be revised, for, aside from substantial objections to the rates of duties imposed, there were others due to the manner in which they were expressed and computed.

This condition was unsatisfactory both to the government and the commerce of the islands, and as soon as the more pressing claims of the insular government permitted, arrangements were made to revise the customs tariff and regulations and have them conform to the

peculiar conditions of the islands, their actual and potential development, the revenues necessary for the administration and development thereof, and the propriety of imposing the burden of taxation on those articles best able to bear a relatively high tariff, while allowing articles of prime necessity to enter under a low rate.

The revision of the tariff was commenced by a board of officers appointed for that purpose at Manila, then turned over to the Philippine Commission, whose preliminary draft was forwarded to Washington and opportunity given to the exporters and importers of the United States to express their opinions. This privilege was also extended to the merchants and exporters and importers in Manila, in public hearings, before the Philippine tariff was formally enacted into law, and the views of all were given the greatest consideration. The tariff law was finally enacted by the Philippine government, and subsequently received the approval of the Congress of the United States.

The rates in no case, except on articles of luxury, such as sparkling wines and fine china, are high. Articles of necessity have been taxed lightly; those needed in the development of agriculture and for the improvement of roads and transportation are also low. Prohibitive rates have been avoided, and the rapid progress and development of the islands have been kept steadily in view, together with the other side of the question, that the insular government must have revenue for current expenses and for needed improvements. The duties, on the whole, are lower than the old Spanish tariff or the tariff at present in force in the United States. The present tariff will average about 18½ per cent ad valorem.

The enactment of Congress approving the Philippine tariff adopted by the Philippine government also provided for a reduction of 25 per cent of the Dingley tariff upon imports into the United States from the Philippines, and, further, that all duties collected in the United States on articles coming from the Philippines, as well as tonnage dues, should be held as a separate fund to be paid into the Philippine treasury for the benefit of the islands; also that the Philippine government should refund the export duties imposed upon hemp and other products of those islands in the event the same were exported to the United States.

The effect of these two provisions of law has been that the Philippine government has been called upon, during the first fifteen months of the operation of this law, to refund upon exports to the United States more than \$400,000 in excess of the fund accruing to its credit from duties imposed at United States ports upon imports from the Philippine Islands.

FOREIGN COMMERCE.

Complete Philippine trade statistics during Spanish administration are not available, except those for an occasional year or two, though enough reliable data warrant the statement that, based on an annual average valuation of \$35,000,000 worth of imports and exports, the United Kingdom, United States, Spain, and China have been the chief beneficiaries of that trade in the past, enjoying practically 80 per cent of the total commerce. While these countries continue to hold a large portion of the trade, the business transacted since American occupation indicates a wider distribution as well as a relative change in the amount credited for recent years.

During the five years of American administration the islands' commerce has increased more than 150 per cent, advancing from \$25,000,000 in 1899 to \$40,350,000 in 1900, to \$53,490,000 during the next year, then to \$56,000,000 in 1902, and at the close of the year ending June 30, 1903, the commerce had reached a value of more than \$66,000,000.

In the exports we find a showing that is remarkable, though adverse agricultural conditions have limited development along some lines. With but \$12,000,000 worth of products in 1899, the trade has steadily increased each year until in 1903 it amounted to over \$33,000,000, or sufficient to bring about a slight balance of trade in favor of the islands.

Trade with the United Kingdom, aside from its colonial possessions has, until 1902, ranked first in importance; as a general rule taking about one-third of the total, always receiving more of the island's products than her exports there would pay for.

The United States was second in importance up to the time of the enormous increase in direct shipments of Manila hemp, the legislation passed by Congress on March 8, 1902, enabling this country to take front rank almost immediately. The treasury of the Philippines, however, has suffered at the expense of the American hemp interests, and at the close of the last fiscal year we find the amount of duties collected on Philippine products coming to this country and returned to the insular treasury as a separate fund for the benefit of the islands, has far from equaled the export rebate to American shippers.

The significance of these facts may be appreciated when it is understood that two-fifths of the Philippine exports consist of hemp, and by reason of the \$21,000,000 worth sold last year a balance of trade in favor of the islands is shown for the first time since 1896. Practically two-thirds of this amount came to the United States, which is unparalleled in the history of the trade.

Spain's trade prior to the American occupation varied according to the commercial and industrial measures adopted in behalf of the archipelago, and while her imports into the islands have been somewhat regular during the last five years, but little is taken in return, with the exception of leaf tobacco.

The Philippine government has made purchases in the United States of supplies and other materials for public improvements and other purposes to a value exceeding \$12,000,000 out of the revenues of the islands. These figures are not included in the volume of trade herein-before outlined.

SOURCES OF REVENUE.

The Philippine government is authorized by Congress to levy its own taxes and disburse its own revenues, and, with the exception of an appropriation of a \$3,000,000 relief fund by Congress, all of the expense of the administration of the government has been met by the revenues of those islands.

The municipal corporations, under the direction of the provincial governments, collect and disburse their own revenues, and with the exception of loans made to these provinces by the general Philippine government from time to time, which ultimately are repaid, these

subgovernments are self-supporting and meet all expense of administration.

The receipts of the islands may be classified under four headings—customs, internal revenue, postal, and miscellaneous.

Customs receipts, from which the greater part, approximately 80 per cent, of the revenues are derived, include export and import duties, tonnage taxes, storage, wharfage and extra-service charges, immigration and Chinese registration taxes, and all other charges incidental to external trade, including consular fees of collectors of customs who are authorized to perform consular duties in the shipment of merchandise to the United States.

All payments of internal revenue were originally made to the insular government. They included:

Industrial tax, a fixed tariff on all industries, trades, professions, and arts.

Urbania tax, a percentum tax on the rental of buildings, now displaced by land taxes.

Cedulas, amounting during the Spanish régime to an onerous poll tax, but now modified, in accordance with the wishes of the people, to an official means of identification and issued for a fee sufficient only to cover the cost of issue.

Sales of stamps and stamped paper.

Fees for registering letters patent, copyrights, and trade-marks, forestry taxes, fees for surveying mining claims, and miscellaneous fees and charges incidental to the foregoing.

Act No. 82 of the Philippine Commission, January 31, 1902, defined the sources of revenue for municipalities, with the exception of Manila, as follows:

An ad valorem tax on all lands, buildings and improvements, fees for the privilege of fisheries and for the issue of certificates of ownership of large cattle and of transfer of title in the same, rents, profits and tolls from public and quasi-public enterprises, fees for tuition in advanced studies, municipal and trade licenses and fines, and road taxes.

Under the provisions of act No. 83, dated February 6, 1901, the 34 Christian provinces may levy, for provincial purposes, a tax not to exceed three-eighths of 1 per cent on realty within the province, and in addition thereto the provinces now collect and retain all fees for the registration of land titles. Such taxes and fees are collected by the provincial treasurers and those pertaining to the municipalities alone are turned over by them to the municipal treasurers, together with one-half of a tax on vehicles, and of the taxes hereinbefore described as internal revenue proper.

The postal service of the islands is nearly self-supporting. Its revenues are derived from the sale of postage stamps, money-order fees, lock-box rents, second-class mail matter, and other miscellaneous postal charges.

The miscellaneous receipts of the islands are derived principally from judicial and notarial fines and fees, clearance and harbor fees, and government telegraph receipts. Under this heading are also included all other receipts of the insular government not properly classified under the three preceding headings.

	Fiscal year ended June 30—					Total.
	1899.	1900.	1901.	1902.	1903.	
REVENUES.						
Customs	\$8,097,864.15	\$5,739,297.40	\$9,105,754.67	\$8,550,758.49	\$9,686,583.29	\$36,180,208.00
Postal	42,954.87	104,282.54	122,816.83	137,811.99	146,659.44	554,525.67
Internal	240,754.00	561,993.18	966,400.47	225,505.09	222,980.40	2,217,633.14
Provincial				1,993,270.97	2,559,601.94	4,552,872.91
City of Manila				1,199,590.01	1,561,473.61	2,761,063.62
Miscellaneous	127,109.81	357,954.61	491,217.00	524,482.97	1,148,877.05	2,649,641.44
Total.....	3,508,682.83	6,763,527.73	10,686,188.97	12,631,419.52	15,326,125.73	48,915,944.78
EXPENDITURES.						
Customs	28,817.90	100,194.09	267,446.88	490,126.40	587,142.89	1,473,728.16
Postal	30,410.75	89,149.51	155,347.77	175,156.57	226,730.33	676,794.93
Provincial				746,586.80	1,163,585.01	1,910,171.81
Loans and refunds to provinces				324,179.35	1,760,563.87	2,085,043.22
City of Manila	2,316,779.97	4,569,334.15	5,659,971.79	1,744,344.56	1,813,118.10	3,557,462.66
Other expenditures				6,564,426.64	8,711,363.27	27,812,875.82
Total.....	2,376,008.62	4,758,677.75	6,073,766.44	10,045,120.32	14,262,503.47	37,516,076.60

NOTE.—Supplies imported by the United States Government for the use of the Army, Navy, and Marine-Hospital Service, or by the insular government for its use or that of its subordinate branches, are not subject to customs duty, and such importations are therefore not shown by the above table.

AIDS TO NAVIGATION.

Harbor improvements at the principal port, Manila, are now in course of construction, which when completed will cost between \$5,000,000 and \$6,000,000, and for which \$2,000,000 have already been appropriated. This harbor will be sufficiently large to accommodate the commerce of that port and permit vessels to get behind a breakwater and alongside docks, and thereby be able to discharge cargo in all seasons without lighterage. In former times during the typhoon and southwest monsoon seasons ships were oftentimes lying in Manila Bay for a week before they could even commence to unload, thereby running up demurrage. The direct effect of this harbor construction will be immediately and materially to reduce the rates to and from that port, which is a matter of the greatest importance to the Philippines. The Philippine government has also appropriated \$350,000 for harbor improvements at Cebu and \$150,000 for the harbor of Iloilo. It is not supposed, however, that these sums will be adequate to complete the improvements contemplated.

With the aid of officers of the United States Coast and Geodetic Survey, detailed to the Philippine government, and with two Survey vessels and other employees, a number of surveys of the more important harbors and gulfs have been completed. A continuous topographic survey, with triangulations, has been carried on along the northern coast of Luzon. A triangulation has been carried on across Manila Bay, locating prominent points about the bay, the islands at the entrance, and hills and mountains in the neighborhood. The work of determining the latitudes and longitudes of important base points is now in progress. Magnetic observations at twelve places have been made to supply needed information for charts. Tidal observations have also been taken at a number of stations, and sailing directions and notices to mariners have been prepared, printed, and distributed from time to time. The contributions of the Coast and

Geodetic Survey are indispensable to safety in navigation. This work as well as all other public work is paid for out of Philippine revenues.

The Spanish Government built light-houses of strong and lasting material. However, many extensive repairs and improvements upon these structures have been made, and the construction of several other light-houses, where they are imperatively needed, is in progress. Many new minor lights have been set up, and buoys and beacons located, where necessary. The light-house service is a branch of the coast-guard service, which fact conduces to keep the service at a high degree of efficiency through the aid of the coast-guard vessels.

COAST-GUARD SERVICE.

The coast-guard service, maintained by the insular government, is used in carrying the mails, to secure frequent and stated deliveries, in the transportation of government supplies, in the movement of constabulary forces, when necessary, and to prevent smuggling. Officials of the government traveling on official business are furnished transportation on these vessels. The service is performed at this time by 17 vessels, 15 of which are new, and were built and paid for out of funds of the Philippine government. The service is indispensable, and has proved to be a wise investment, both from a standpoint of economy and efficient administration, and has been of great assistance in bringing together the inhabitants and interests of the many different islands.

HEALTH AND SANITATION.

There is a board of health in the Philippine Islands, consisting of a commissioner of public health, a sanitary engineer, a chief health inspector, a secretary, and an ex officio superintendent of government laboratories. The chief functions of this board, as set forth in the order creating the same, are to make inquiry and investigation into the causes and means of preventing diseases, especially epidemic diseases, including those of domestic animals, to disseminate useful information upon these and other kindred subjects, and to draft and recommend to the legislative body of the islands suitable sanitary laws, including laws governing the admittance of persons to the practice of medicine, surgery, pharmacy, dentistry, and allied professions.

Based upon such recommendations there have been enacted laws regulating the practice of medicine, surgery, pharmacy, dentistry, and veterinary medicine, surgery, and dentistry in the Philippine Islands. The powers and authority of the general board of health are exercised through the provincial board of health, the president of which must be a duly qualified physician; and one of the other members is the provincial supervisor, who is required by law to be a civil engineer. There are also maintained municipal boards of health, subordinate to the provincial boards.

The insular board of health acts as the health board of the city of Manila.

There is maintained a civil hospital for furnishing adequate medical attendance for civil officers, employees, and members of their families, with a well-qualified staff of physicians, nurses, and hospital stewards. Emergency cases of whatever sort are received at the hospital and given free treatment, and when the demands upon it permit, civilians

other than officers or employees of the government may be received upon the payment of prescribed fees.

There is also maintained, under one management, a general hospital known as the San Lazaro Hospital, comprising the following departments: Leper, woman's, plague, smallpox, cholera, detention, and a steam disinfecting plant, with a staff of physicians, trained nurses, and other attendants.

There has been constructed by the Americans a morgue of modern construction, and a new crematory is now under way which will adjoin the morgue. A free dispensary is maintained, together with modern ambulance, dead wagon, and disinfecting service.

A steady improvement in the general health of Manila and of the different provinces in the islands has been brought about in the face of a practically unanimous opposition on the part of the native population of the city, which is due to their opposition to the restrictions imposed upon them by the sanitary regulations, the necessity for which it is at first hard for them to understand.

Smallpox has ceased to be an important factor in the death rate, due to compulsory vaccination. A serum laboratory for the manufacture of virus is maintained, the quality of which is shown to be excellent.

During the past year over one-seventh of the total population of the islands has been vaccinated. It is proposed to continue this work until the entire population of the islands is protected against smallpox, which was formerly the great scourge of the Archipelago. At the present rate of progress the day is not far distant when this result will have been attained.

During 1902 the Philippine Islands were visited by an epidemic of cholera. The prompt and energetic work of the board of health in establishing emergency hospitals, detention camps, and quarantine regulations resulted in practically stamping out this epidemic within less than a year, although in that time it had spread to widely scattered points throughout the Archipelago, and with great mortality. Many of the outside towns were without physicians or other persons capable of recognizing cholera. The board of health, however, continued its persistent attack and the epidemic was finally wiped out.

The magnitude of the operations during this period is shown by the fact that the expenditures of the board of health were considerably in excess of 1,000,000 pesos, and has demonstrated that the board of health is not only able to cope with the difficulties which constantly confront it, but can and does successfully meet great emergencies.

Quarantine service.—An efficient quarantine service is maintained at all entry ports in the Philippine Islands under the direction of officers of the United States Public Health and Marine-Hospital Service, detailed to the Philippine government, and whose salaries and all other expenses of administration are paid out of Philippine funds. An effective quarantine service was of the greatest importance to the islands, which were constantly menaced by the danger of infection from the breeding grounds of disease afforded by the large neighboring centers of population in China.

There has been constructed at the mouth of Manila Bay one of the most modern and best-equipped quarantine stations. The plant has sufficient capacity to allow the disinfecting of 150 passengers and their baggage every hour. Floating disinfecting plants are maintained at other ports of entry.

At the port of Manila alone during 1903, 5,861 vessels were inspected by the quarantine service, 355 of which were placed in quarantine. Bills of health were issued to 4,270 vessels. Aside from the crews inspected, over 185,171 passengers were inspected, 4,647 of whom were vaccinated before being permitted to land.

A quarantine station for live stock has been established in Manila, and it is proposed to establish similar stations at the earliest practicable moment for the other ports of entry in the islands.

Benguet.—One of the first things to which the Philippine government directed its attention was a location in the highlands of the Philippines for the establishment of a recuperative station. The Spanish régime had already given attention to this subject and had determined upon the province of Benguet, the capital of which province is about 132 miles from Manila, in a straight line. A committee selected from the personnel of the Commission was appointed to proceed to the province of Benguet to investigate the conditions existing there. They found an extensive highland region, peopled by a friendly, hairless tribe, with pure, cool, invigorating air and abundant water, free from tropical vegetation, affording pasturage in plenty, and suited to the production of many fruits, vegetables, and grains of the temperate zone. A striking feature of the temperature in this province is its uniformity—the mean temperature covering an extended period of observation was 66.86 degrees. The Philippine government, realizing the beneficial results which would follow the development of this region, established there a sanitarium, conducted by a corps of competent physicians and nurses, for the use of its employees.

Practical experience with patients sent to the sanitarium during the past year has confirmed the conclusions previously reached, that substantially the same results are obtained which would come from a transfer for the same length of time to some temperate region in the United States.

This mountainous region can be entered over two routes, the present route being by steamer to San Fernando on the east coast of Luzon, and then by horseback over a trail which has been greatly improved by the Philippine government. The second and ultimate route will be over the existing line of the Manila and Dagupan Railroad, from the terminus of which to Baguio is a distance of 55 miles. A well-built highway is now nearing completion between these two points, so constructed that if necessary rails may be laid for an electric road. During the past two heated seasons the principal officials of the general government have removed their offices to this region during the heated term.

This highway will bring within easy and comfortable reach of Manila a climate not unlike that of the Adirondacks, or of Wyoming in summer, and will greatly add to the possibility of living in Manila for ten months of the year without risk. It will take away the necessity for long vacations spent in America; will reduce the number who go home invalidated, and will be a saving to the insular government of many thousands of dollars a year. It will lengthen the period during which the American soldiers who are stationed there may remain without injury to their health, and will thus reduce largely the expense of transportation of troops between the islands and the United States. Filipinos of the wealthier class frequently visit Japan or China for the purpose of recuperating, and people of this class are much inter-

ested in the establishment of Baguio as a summer capital; and when the road is completed a town will spring up, made up of comfortable residences, an extensive army post, and sanitariums for the relief of persons suffering from diseases prevalent in the lowlands.

MANILA CITY GOVERNMENT.

Manila, the seat of the central government of the Philippine Islands and the political and commercial center, constitutes a district which in its government is somewhat similar to that of the District of Columbia.

Since American occupation, the grade of the principal streets has been elevated to prevent submersion caused by torrential rains, and they have been paved with granite blocks, wood blocks, and macadam.

The city is divided into two sections by the Pasig River. The bridges constructed during the Spanish régime have been improved, and to meet the demands a modern double bridge has been thrown across the river by the Americans.

A general scheme of street extension, including the broadening of the narrow Spanish streets, has been entered upon.

The means of water supply provided by the Spaniards has been greatly improved, and preliminary work already entered upon looking to the securing of more and purer water from the mountain range back of Manila.

The city of Manila while under Spanish sovereignty was without any sewer system whatever. Surveys have already been made and work begun upon the sewer system to cost several hundred thousands of dollars.

The old trading marts of Spanish days, consisting of collections of native shacks, have been displaced throughout the city by modern market buildings floored with concrete.

Owing to its peculiar location and the great area covered by the city, the means of transportation has been one of the most serious problems of municipal administration, and the want of adequate means of transportation has retarded the growth of the city and tended to congest the population. After competitive bidding, a franchise was awarded to an American corporation for an electric railway and an electric light, heat, and power system in the city of Manila. This electric railway of 45 miles and of modern construction is nearing completion.

The partially organized, insufficiently equipped, poorly housed fire department maintained by the Spanish has been transformed into a first-class department, with American constructed steam engines and chemical engines, with hook and ladder companies and other up-to-date apparatus, and the Gamewell fire-alarm system has been installed.

The police department consists of a well-uniformed and well-disciplined force of Americans and Filipinos, and has proven most effective.

The public parks have been improved and enlarged, and the intent of the Spanish Government of setting aside a plot of land for a botanical garden has been carried out.

PHILIPPINE BONDED INDEBTEDNESS.

The funded debt of the Philippine Islands imposed by the American Government has been small. So far from imposing a burden on the resources of the islands, its borrowings have thus far been an actual

source of profit to the Philippine treasury. The debt of the islands under Spanish authority, amounting to about \$40,000,000, was gotten rid of by the transfer of sovereignty and the payment by the United States of \$20,000,000. The present interest-bearing obligations of the Philippine government are as follows:

One-year certificates of indebtedness, under authority of the coinage act.	\$3,000,000
Second series of such certificates.....	3,000,000
Bonds for taking up the lands of the friars.....	7,000,000
Total	13,000,000

A third series of one-year certificates paying 4 per cent has just been awarded at a premium of 1.181 per cent, or \$35,480; but as they take the place of the first issue which is about maturing, they do not add to the total debt or the permanent interest charge.

The interest rate upon each of these classes of obligations is nominally 4 per cent, representing an annual charge of \$520,000 per year, but actually the net cost to the treasury has thus far been less than nothing. The following table shows the amount paid in interest from the insular treasury and the amount received in premiums upon the sale of the securities:

Class of loan.	Nominal annual interest.	Premiums received.
First issue of one-year certificates, \$3,000,000.....	\$120,000	\$75,390
Second issue of one-year certificates, \$3,000,000.....	120,000	67,200
Friars' land bonds, \$7,000,000	280,000	530,370
Total.....	520,000	672,960

Obviously the premium on the friar's land bonds should be distributed over the ten years within which they may be redeemed by the government, instead of put to the credit of the treasury in a single year. If this distribution is made, it will be found that the net annual charge upon the revenue for these bonds is reduced by the premium from 4 per cent to about 3.1 per cent. This rate of net interest charge of \$7,000,000, representing the principal of the bonds, involves an annual expenditure of \$217,000. The net interest charges upon the other two issues, after deducting the premiums, are \$97,410, making the net annual interest charges, if these conditions should continue, \$314,410. This charge would rise to \$354,370 annually if the rate of premium on the last sale of one-year certificates instead of that first realized were taken as the future rate.

These figures are subject to a still further deduction by reason of the interest which the Philippine government has received upon the funds kept in banks and trust companies pending their use. Thus far, the amounts received for interest within a single year have been \$101,785.09, of which \$43,223.40 were earned by the proceeds of the one-year certificates, and \$58,561.69 upon the proceeds of the friars' land bonds. In the case of \$3,000,000 of the one-year certificates, which sum is to constitute a permanent fund to maintain the parity of the currency, it may fairly be assumed that the amount will hereafter remain substantially unimpaired throughout the year and will draw interest at the rate of 3 per cent. This would amount to \$90,000 per year. Hence,

the permanent interest account of the Philippine government upon its present obligations would stand thus:

GROSS EXPENDITURES.		
Interest on \$6,000,000 one-year certificates, at 4 per cent.....	\$240,000	
Interest on \$7,000,000 of bonds, at 4 per cent.....	280,000	
		<hr/>
		520,000
DEDUCTIONS.		
Average premiums on sale of one-year certificates.....	\$142,590	
Average annual premium on ten-year bonds.....	63,000	
Interest on gold-reserve funds.....	90,000	
		<hr/>
Net annual charge upon the Philippine revenues	295,590	
		<hr/>
Net annual charge upon the Philippine revenues	224,410	

The customs receipts, which constitute the principal revenue of the islands, are about \$10,000,000. The net burden, therefore, for interest on the existing debt, is \$224,410, or at the rate of a little less than 2½ per cent of the customs receipts. There is probably no civilized state in the world to-day—unless it is the little principality of Monaco, whose revenue is derived from the gaming table—which is not compelled to devote a larger part of its revenues than 2½ per cent to the interest on its public debt. The present debt of the Philippine Islands being \$15,000,000, amounts to about \$1.62 per capita for a population of 8,000,000, and the annual net interest charge to less than four cents per capita. The United States has a per capita debt of at least \$12 and annual charges of more than 30 cents. Great Britain has a debt in excess of \$90 per capita and interest charges of \$3. France has a debt of nearly \$150 for each of her people and an annual interest burden of \$6.

It is true that these are richer countries than the Philippines and that their gross revenue is larger. The true test of interest burdens should perhaps be the ratio which they bear to gross revenue. But here also the test is in favor of our island dependencies. In France 30 per cent of the revenue goes to meet the charges on the debt; in Great Britain 19 per cent; even in the United States about 5 per cent, without counting State and local indebtedness. In the Philippines the proportion is about 2½ per cent. Tried by every test, therefore, the burden on the people of the Philippines for their bonded debt is among the lightest imposed by modern states, and they are well able to make a further appropriation from revenue to provide for railways and other public improvements.

There are few, if any, civilized States, moreover, which have so much to show as the Philippines for the debt which they have incurred. A part represents a substantial asset in gold in the custody of banks and trust companies in New York. The other part represents the acquisition of the best lands in the Philippine Islands, which the Government has acquired from the friars in order to give them back to their natural cultivators, the people of the islands. Both of these debts will be subject to reduction in the ordinary course of events without levying taxes or providing in any other manner for a sinking fund. In the case of the \$6,000,000, which has been appropriated temporarily to meet the expenses of inaugurating the new coinage system, half of this amount will be no longer necessary when the new system is com-

pleted. The money was made available simply for the purpose of covering the capital tied up in bullion in transit from the mines to the completed coin. When the coinage is complete and the balance is cast up, it will no longer be necessary to keep any of the assets of the islands in this form. This obligation of \$2,000,000 will disappear, because it is represented to-day by substantial assets in the form of money in the mints, bullion awaiting coinage, or funds on deposit in the United States for acquiring bullion.

Not only will this debt be wiped out, but by the process of the coinage itself a profit has already accrued to the Philippine treasury under the coinage act amounting to \$1,238,714. This fund, if constituted into a sinking fund, would pay the interest on a gold reserve of \$3,000,000 practically in perpetuity. If this sum is considered in connection with the interest payments to be made and the other premiums which have accrued, it will appear that the treasury of the Philippine Islands is to-day at least \$1,500,000 better off than if no debt had been incurred. This seeming paradox arises from two elements—the fact that the Government, in coining bullion into silver coins, has given them a gold value somewhat higher than the bullion they contain, representing a seigniorage profit of \$1,238,714; and the further fact that the Government received interest on its deposits in New York which were for a time in excess of the net interest paid upon the securities issued, after deducting the premium received at their sale. In other words, the first issue of one-year certificates sold at a price of 102.513, making the net interest to the Philippine government 1.487, and upon the money thus received interest was paid by the Guaranty Trust Company at the rate of $3\frac{1}{2}$ per cent. Could this ratio of profit have been applied to the whole of that loan for the entire year, the government would have received in interest from the trust company \$105,000, to be added to the sum of \$75,390, which was received in premium, making a total of \$180,390, while actual disbursements for interest upon the loan were \$120,000. There was thus a possible profit to the Philippine government in entering the loan market in this particular case of \$60,390.

In the case of the friars' lands also the substantial assets which have been obtained will reduce the debt and its charges as rapidly as the lands can be disposed of and the proceeds covered into the treasury. Secretary Taft has estimated that all but \$1,000,000 of the amount paid will thus be recovered. Taking the more conservative estimate of \$2,000,000 as lost to the treasury in the operation, there will still be within a term of years a recovery of \$5,000,000, upon which the interest charges saved at 3.1 per cent will be \$155,000. With the absorption of the coinage fund, the net debt of the islands will then stand at \$3,000,000 for the currency reserve fund, upon which the interest will be more than met from the seigniorage profits on coinage, and \$2,000,000 for the friars' lands, upon which the net interest charges will be less than 1 cent per capita.

